



Edel Finance Company Limited

Board Evaluation Policy

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Scope:

The Companies Act, 2013 (the Act) mandate certain categories of companies to have in place a Performance Evaluation Mechanism of the Board and the Directors.

Section 178 of the Companies Act, 2013 requires constitution of Nomination and Remuneration Committee consisting of three or more Non-executive Directors out of which not less than one-half shall be Independent Directors. The terms of reference of this Committee *inter alia* includes

- i) Identifying persons who are qualified to become Directors
- ii) Recommend to the Board their appointment and removal
- iii) carry out evaluation of every Director's performance annually
- iv) formulate the criteria for determining qualifications, positive attributes and independence of the Director
- v) formulate a Policy relating to the remuneration of the Directors, Key Managerial Personnel, etc.

Identification of persons to act as Directors

The Nomination and Remuneration Committee (NRC) of the Board, while recommending the appointment of Directors may consider the desirable qualifications which may amongst other things include professional qualifications, skills sets, industry experience, background, value addition to the Company and the criteria of independence as prescribed under the Companies Act, 2013. The Policy on remuneration to Directors shall consider the requirements as specified in the Companies Act, 2013.

Performance Evaluation

Board:

The Board shall carry out the annual evaluation process of its own performance as envisaged in the Companies Act, 2013 and the individual Directors (excluding the Director being evaluated). The criteria to evaluate encompasses three broad factors namely i) contribution
ii) counselling and iii) controlling.

The Board performance evaluation shall:-

- review the role of the Board and the individual Directors;
- assess the Board effectiveness – both the Board as a whole and Individual Director's contribution to general discussions, business proposals and governance practices;
- evaluate the quality of the discussions at Board Meetings, the adequacy of the reports and information they receive, the level of interpersonal cohesion amongst the Board member;
- evaluate its effectiveness in use of time, opportunity to adequately assess the

management performance, keeping abreast of developments in the business and regulatory environment, frequency and duration of the meetings.

- factor the suggestions received from Directors for change/improvisation.
- assess the duties are discharged in accordance with provisions of the Act.

Chairman

The performance of the Chairman be evaluated, amongst other things, on the basis of leadership qualities, strategic thinking, decision making, business acumen, contribution to resolution of divergent views, time commitment, interaction with management, relationships and communications with the Stakeholders.

Managing Director and Executive Directors/Whole Time Director

The performance of Managing Director/Executive Director/Whole Time Director shall be first reviewed by the Chairman and recommendation be made to the Nomination and Remuneration Committee. Some of the parameters for evaluation that can be considered are:

- to assess the overall contribution to the performance of the Company in terms of the tasks handled.
- leadership qualities
- conduct of Meetings, in the absence of the Chairman, if the need arises
- contribution to strategic Plans
- decision making abilities, relationship with stakeholders.

Committees of the Board

This Policy is to ensure that the Committees, to whom the Board has delegated responsibilities, are performing efficiently and effectively in accordance with the terms of reference set out in their charter. This encompasses the necessity of establishing any Committee and reviewing the Charter of the Committee from time to time.

Non-Executive Directors

The performance of Non-Executive Director be evaluated, amongst other things, on the basis of strategic thinking, business acumen, teamwork, contribution to resolution of divergent views, proactive participation, and time commitment. The performance of the Individual Director's will also be assessed on handling the conflict of interest/situation, if any.

Independent Directors

The performance evaluation of Non-Executive Independent Director's ("NEID") shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors have key roles to perform namely in the areas of governance, guiding in strategy formulation, ensuring statutory compliances and such other key matters which could be of importance to the Company. Some of the performance indicators on which the Independent Directors may be evaluated are:-

- contributing and monitoring of Corporate Governance practices.
 - Attendance at Board, Committee Meetings of the Company, etc.
 - making aware of international best practices for improvement.
 - active participation in strategic planning.
 - commitment to the fulfilment of duties and fiduciary responsibilities as enshrined in various statutes and charter of Committees.
 - not allowing any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
 - refraining from any action that would lead to loss of his independence.
 - maintain confidentiality of information provided, unless such disclosure is expressly required by law.
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